

Message Text

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46

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EA-07 EUR-12 NEA-10 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-03 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 PRS-01 PA-01 JUSE-00 /122 W

----- 025055

R 111022Z AUG 75

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 6381

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMEMBASSY CAIRO

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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BEIRUT PASS BAGHDAD

E.O. 11652: N/A

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TAGS: ENRG, OPEC, AU

SUBJECT: OPEC: CALL ON CHIEF FEYIDE

1. DURING COURTESY CALL OF EMBOFFS ON SEC GEN
FEYIDE, AUGUST 7, LATTER MADE FOLLOWING POINTS:

A. ALL OPEC MEMBERS FAVOR CONSUMER/PRODUCER
DIALOGUE WHICH IS CALLED FOR IN ALGIERS SOLEMN
DECLARATION ("OUR BIBLE," HE SAID). TOO MUCH IS
MADE OF FACT THAT OPEC AS ORGANIZATION MAY NOT BE
INVOLVED IN DIALOGUE; SEVERAL MEMBER COUNTRIES WILL
PARTICIPATE AND ALL OPEC MEMBER COUNTRIES WILL ADHERE
TO DECISIONS. THE OPEC SECRETARIAT IS NOT KEPT
INFORMED BY MEMBER COUNTRIES OF PREPARATIONS FOR
PREPCON AND DIALOGUE.

B. THERE ARE GOOD ARGUMENTS FOR AND AGAINST
INDEXING. A VICIOUS CIRCLE OF PRICE INCREASES SUCH
AS FUEL INCREASES FOLLOWED BY HIGHER PRICES OF
MANUFACTURED GOODS FOLLOWED BY HIGHER FUEL PRICES,
ETC., IS UNDESIRABLE. THE PROBLEM MUST BE WORKED OUT
IN THE DIALOGUES TO THE SATISFACTION OF ALL.

C. DENOMINATION OF OIL PRICES IN SDR'S MAY
BE BEST SOLUTION ON BALANCE. PRODUCERS MAY GAIN A
LITTLE HERE, LOSE A LITTLE THERE, BUT SDR'S WOULD
PROBABLY INSURE LESS FLUCTUATION IN INCOME TO PRODUCERS.

D. EMBASSIES IN VIENNA SHOULD BEWARE OF RELY-
ING TOO MUCH ON INFORMATION OBTAINED FROM INDIVIDUAL
OPEC STAFFERS. THE INFORMATION ITSELF MAY BE
ACCURATE BUT COULD BE MISLEADING IF BASED ON
ERRONEOUS AND PAROCHIAL BACKGROUND INFORMATION.
STAFFERS MAY KNOW WHAT THEIR OWN MINISTERS ARE
THINKING BUT STAFFERS DO NOT PARTICIPATE IN THE
MINISTERIAL DELIBERATIONS. IN ANY EVENT, MEMBER COUN-
TRIES CAN CHANGE THEIR MINDS ON AN ISSUE FROM ONE
WEEK TO ANOTHER DEPENDING ON NEW DEVELOPMENTS, MEET-
INGS BETWEEN CHIEFS OF STATE, ETC.

E. FEYIDE IS SATISFIED WITH PRESENT SMALL SIZE
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OF OPEC SECRETARIAT. OPEC CONTRACTS OUT MANY
STUDIES AND, IN FEYIDE'S VIEW, THIS SYSTEM HAS MUCH
TO COMMEND IT. THE WORK OF OUTSIDE CONSULTANTS IS
MORE OBJECTIVE AND LESS SUBJECT TO BIAS THAN SIMILAR
STUDIES WOULD LIKELY BE IF CONDUCTED IN-HOUSE.
FEYIDE REMARKED THAT THE CONSULTANTS' CONCLUSIONS
MAY OR MAY NOT SUPPORT OPEC VIEWS. MEEHAN

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